

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Jurisdictional Separations and Referral to the)	CC Docket No. 80-286
Federal-State Joint Board)	

COMMENTS OF TERRAL TELEPHONE COMPANY, INC.

Terral Telephone Company, Inc. (Terral), hereby submits comments on the Further Notice of Proposed Rulemaking released on March 20, 2017, in which the Commission proposes to extend by a further eighteen months the freeze of jurisdictional separations category relationships and cost allocation factors for rate-of-return incumbent local exchange carriers (ILECs). By these comments, Terral asks the Commission not to extend the freeze of the separations category relationships as it applies to Terral and to grant its pending petition for waiver of the frozen separations categories, as necessary.

In the FNPRM, the Commission proposes to extend the freeze for eighteen months to allow the Separations Joint Board time to consider the impact of the Commission's high cost universal service, intercarrier compensation and Part 32 accounting rule reforms on the separations rules and work to reform those rules. The Commission states that extending the freeze while it undertakes separations reform will "provide stability and regulatory certainty for ILECs during the reform process."¹ The Commission notes that, "if the frozen category relationships and allocation factors were unfrozen, ILECs would be required to reinstitute their separations processes that have not been used since the inception of the freeze almost sixteen

¹ *Jurisdictional Separations Reform and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Further Notice of Proposed Rulemaking at ¶8 (rel. March 20, 2017).

years ago," which "would require substantial training and investment."² The Commission also states that "given the significant changes in technologies and investment decisions, as well as changes in regulatory approaches at both the state and federal levels, the existing separations rules are likely outdated."³ The Commission concludes that "extending the jurisdictional separations freeze would provide rate-of-return ILECs with certainty in the near future as they continue apportioning costs as they have since the *2001 Separations Freeze Order*, and would be preferable to re-imposing the burden of the separations rules."⁴

In August 2012, Terral filed a petition asking the Commission to waive various sections of Part 36 of its rules and to unfreeze the Part 36 category relationships as they apply to Terral because the continuing application of the freeze was harming Terral. Specifically, Terral was making substantial investments in broadband facilities which could not be accurately allocated based on the frozen categories. Simply put, the frozen separation categories no longer resemble the broadband network that Terral operates and prevent Terral from recovering its existing costs from those customers benefitting from Terral's broadband services. Since filing the waiver petition, the disparity between existing expenses and investment and the proper recovery of those costs has only increased. Grant of Terral's waiver would allow Terral to properly allocate the cost of the services it provides, reduce demand on universal service support and, because Terral's size and investment is relatively small, it should have no adverse effect on NECA's special access rates.

² *Id.*

³ *Id.*

⁴ *Id.*

When the Commission extended the separations freeze in its Report and Order released on June 13, 2014,⁵ the Commission stated that its decision to extend the freeze did not affect its ability to address pending waiver petitions. As shown herein and in its waiver petition, the “stability” and “certainty” an extension of the frozen categories affords to Terral is not a benefit, as alleged by the Commission. Rather, it is causing harm to Terral. Accordingly, Terral asks the Commission to grant its waiver petition now.

Respectfully submitted,

TERRAL TELEPHONE COMPANY, INC.

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⁵ *Jurisdictional Separations Reform and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Report and Order, 29 FCC Rcd 6470 (2014).